

AMENDMENT

#4

Kerrule, Gana,
Guttenberg

OFFERED IN THE HOUSE

TO: CSHB 3001(FIN)

Page 1, line 1, following "Act": (title amendment)

Insert "amending the powers and duties of the Alaska Oil and Gas Conservation Commission;"

Page 2, following line 8:

Insert a new bill section to read:

"* Sec. 2. AS 31.05.030(d) is amended to read:

(d) The commission may require

(1) identification of ownership of wells, producing leases, tanks, plants, and drilling structures;

(2) the making and filing of reports, well logs, drilling logs, electric logs, lithologic logs, directional surveys, and all other subsurface information on a well drilled for oil or gas, or for the discovery of oil or gas, or for geologic information, and the required reports and information shall be filed within 30 days after the completion, abandonment, or suspension of the well;

(3) the drilling, casing, and plugging of wells in a manner that will prevent the escape of oil or gas out of one stratum into another, the intrusion of water into an oil or gas stratum, the pollution of fresh water supplies by oil, gas, or salt water, and prevent blowouts, cavings, seepages and fires;

(4) the furnishing of a reasonable bond with sufficient surety conditions for the performance of the duty to plug each dry or abandoned well or the repair of wells causing waste;

(5) the operation of wells with efficient gas-oil and water-oil ratios,

1 and may fix these ratios;

2 (6) the gauging or other measuring of oil and gas to determine the
3 quality and quantity of oil and gas;

4 (7) every person who produces oil or gas in the state to keep and
5 maintain for a period of five years in the state complete and accurate records of the
6 quantities of oil and gas produced, which shall be available for examination by the
7 Department of Natural Resources or its agents at all reasonable times;

8 (8) the measuring and monitoring of oil and gas pool pressures;

9 (9) the filing and approval of a plan of development and operation for
10 a field or pool in order to prevent waste, ensure [INSURE] a greater ultimate recovery
11 of oil and gas, and protect the correlative rights of persons owning interests in the
12 tracts of land affected;

13 (10) working interest owners to provide, at cost plus a reasonable
14 rate of return determined under regulations adopted by the commission and
15 without causing substantial injury to the owner, access by or for the benefit of
16 others to production and other facilities whenever necessary; for purposes of this
17 paragraph, the commission's regulations must be consistent with the standards of
18 the Regulatory Commission of Alaska adopted to implement AS 42.05.311(a); the
19 commission may act under this paragraph

20 (A) to

21 (i) maximize the economic and physical recovery of
22 the state's oil and gas resources;

23 (ii) maximize competition among parties seeking to
24 explore and develop the state's oil and gas resources;

25 (iii) minimize the adverse affects of exploration,
26 development, production, and transportation activity; or

27 (iv) otherwise protect the best interest of the state;

28 (B) only if the commission finds that directing the working
29 interest owner to provide access by or for the benefit of others would not
30 materially interfere with the owner's paramount use of the facility; and

31 (C) only if the commission finds that the facility has excess

1 capacity or that it is feasible to expand the facility with the expansion costs
2 and any additional operating costs to be borne by the entities that use the
3 added capacity in proportion to the amount of use by each entity."
4

5 Renumber the following bill sections accordingly.

6
7 Renumber internal references to bill sections in accordance with this amendment. Bill sec. 2,
8 added in this amendment, should not be set out in any of the internal bill section references.

9 Below are all internal bill section references in this bill to be renumbered:

10 Page 1, line 9

11 Page 2, line 5

12 Page 40, lines 9, 10, 12, 13, 17, 19, 24, and 31

13 Page 41, lines 3, 9, 11, 18, 21, 27, and 28

14 Page 42, lines 3, 6, 7, 9, 15, and 16

15 Page 43, lines 3 and 4